

**Staffco
Summary
Report**



**To: Mayor & City Council
Through: City Manager**

Agenda Item Number 12
Meeting Date 6/20/02

SUBJECT: Greater Phoenix Economic Council (GPEC) Contract

PREPARED BY: Janice M. Schaefer, Economic Development Manager (Ext. 8036)

REVIEWED BY: Patrick Flynn, Assistant City Manager (Ext. 8399)

BRIEF: Request authorization to sign the 2002-2003 Greater Phoenix Economic Council Contract.

COMMENTS: **GPEC (0111-03)** The Economic Development program requests authorization for the City to sign the 2002-2003 Greater Phoenix Economic Council (GPEC) contract in the amount of \$75,079.

Document Name: (20020620edevjs01) Supporting Documents: Yes

SUMMARY: The City of Tempe has contracted with GPEC since 1990 to provide regional marketing services. The marketing services are based on GPEC's Action Plan which contains detailed objectives and operational strategies in the following areas: Business Development, Opportunity Generation, Competitiveness and Resource Management. The contract is unchanged from FY2001-2002.

FISCAL NOTE: The contract amount, \$75,079, is the same amount paid for fiscal year 2001-2002. GPEC has foregone a 4% base budget increase in light of the current economic and fiscal conditions facing the public sector.

RECOMMENDATION: Staff recommends approval of the Greater Phoenix Economic Council Contract.

**AGREEMENT BETWEEN
THE GREATER PHOENIX ECONOMIC COUNCIL
AND THE CITY OF TEMPE**

City Contract No. _____

The City Council of the CITY OF TEMPE, a municipal corporation (the "City"), has approved participation in and support of the regional economic development program of the GREATER PHOENIX ECONOMIC COUNCIL ("GPEC"), an Arizona non-profit corporation. The purpose of this agreement ("Agreement") is to set forth the regional economic development program that GPEC agrees to undertake, the support that the City agrees to provide, the respective roles of GPEC and the City and the payments of the City to GPEC for the fiscal year July 1, 2002 - June 30, 2003.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the CITY and GPEC agree as follows:

I. RESPONSIBILITIES OF GPEC

A. MISSION: GPEC's mission is to leverage region-wide public-private resources to:

1. Build support for a sustainable high-performance economy as part of the consensus regional vision.
2. Generate high-quality investments and jobs by attracting and growing globally competitive high value-added firms.
3. Establish benchmarks, monitor progress, measure performance, and evaluate impacts.

B. GOALS:

1. Engage public and private leaders in:
 - a) Defining the regional vision and its corresponding metrics.
 - b) Clarifying the collaborative roles and relationships needed to assure success.
2. Market the region to generate targeted opportunities.
3. Leverage public and private resources to capture those opportunities.
4. Benchmark the region's competitive position and monitor and report progress.

C. RETENTION AND EXPANSION POLICY:

1. GPEC's primary role is image building, marketing and new business attraction for the Greater Phoenix region.
2. Retention and expansion of existing businesses is primarily a local issue.
3. GPEC can add value to retention and expansion of existing businesses through regional support and research on key retention and expansion projects.
4. GPEC has a responsibility to advise the City when an existing company contacts GPEC regarding a retention or expansion issue.

D. ACTION PLAN AND BUDGET:

In accordance with the Mission, Goals and Retention Policy set forth above and subject to the availability of adequate funding, GPEC shall implement the Action Plan and Budget adopted by GPEC's Board of Directors, a copy of which has been delivered to the City, receipt of which is hereby acknowledged. A copy of the Action Plan is attached hereto as **Exhibit A** (GPEC Action Plan). The City shall be informed of any changes in the adopted Action Plan which will materially affect or alter the priorities established therein. Such notification will be in writing and will be made prior to implementation of such changes. Notwithstanding the foregoing, the City acknowledges and agrees that GPEC may, in its reasonable judgment in accordance with its own practices and procedures, substitute, change, reschedule, cancel or defer certain events or activities described in the Action Plan as required by a result of changing market conditions, funding availability, unforeseen expenses or other circumstances beyond GPEC's reasonable control. GPEC shall solicit the input of the City on the formulation of future marketing strategies and advertisements. The Action Plan will be revised to reflect any agreed upon changes to the Action Plan.

E. PERFORMANCE TARGETS:

Specific performance targets, established by GPEC's Executive Committee and Board of Directors, are attached hereto as **Exhibit B** and shall be used to evaluate and report progress on GPEC's implementation of the Action Plan. In the event of changing market conditions, funding availability, unforeseen expenses or other circumstances beyond GPEC's reasonable control, these performance targets may be revised with the City's prior written approval, or with the prior written approval of a majority of the designated members of GPEC's Economic Development Directors Team ("EDDT"). GPEC will provide quarterly reports to the City discussing in detail its progress in implementing the Action Plan as well as reporting the numerical results for each performance measurement set forth in Exhibit B. GPEC shall provide a copy of its

annual external audit for the preceding fiscal year to the City no later than with its December invoice.

In the case of any benchmark which is not met, GPEC will meet with the EDDT to provide an explanation of the relevant factors and circumstances and discuss the approach to be taken during the upcoming quarter in order to achieve the target(s). Failure to meet a performance target will not, by itself, constitute an event of default hereunder unless GPEC (i) fails to inform the City of such event or (ii) fails to meet with EDDT to present a plan for improving its performance during the balance of the term of the Agreement will constitute an event of default for which the City may terminate this Agreement pursuant to paragraph IV.J. below.

II. RESPONSIBILITIES OF THE CITY

A. STAFF SUPPORT OF GPEC EFFORTS: The City shall provide staff support to GPEC's economic development efforts as follows:

1. The City shall respond to leads or prospects referred by GPEC in a professional manner within the time frame specified by the lead or prospect if the City desires to compete and if the lead is appropriate for the City. When available, the City agrees to provide its response in the format developed jointly by EDDT and GPEC;
2. The City shall provide appropriate local hospitality, tours and briefings for prospects visiting sites in the City;
3. The City shall provide an official economic development representative to represent the City on the EDDT, which advises GPEC's President and CEO;
4. The City shall cooperate in the implementation of GPEC/EDDT process improvement recommendations including the use of common presentation formats, exchange of information on prospects with GPEC's staff, the use of shared data systems, land and building data bases and private sector real estate industry interfaces;
5. The City shall use its best efforts to respond to special requests by GPEC for particularized information about the City within three business days after the receipt of such request;
6. In order to enable GPEC to be more sensitive to the City's requirements, the City shall, at its sole option, deliver to GPEC copies of any City approved economic development strategies, work plan, programs and evaluation criteria. GPEC shall not disclose the same to the other participants in GPEC or their representatives;

7. The City shall utilize its best good faith efforts to cause an economic development professional representing the City to attend all marketing events and other functions to which the City has committed itself;
8. The City agrees to work with GPEC to improve the City's Competitiveness and market readiness to support the growth and expansion of the targeted economic clusters as identified for the City in **Exhibit C**;

B. RECOGNITION OF GPEC: The City agrees to recognize GPEC as the City's officially designated regional economic development organization for marketing the Greater Phoenix region.

III. ADDITIONAL AGREEMENTS OF THE PARTIES:

A. PARTICIPATION IN MARKETING EVENTS AND PROVISION OF TECHNICAL ASSISTANCE: Representative(s) of the City shall be entitled to participate in GPEC's marketing events provided that such participation shall not be at GPEC's expense. When requested and appropriate, GPEC will use its best efforts to provide technical assistance and support to City economic development staff for business location prospects identified and qualified by the City and assist the City with presentations to the prospect in the City or their corporate location.

B. COMPENSATION:

1. The City agrees to pay **\$75,079** for services to be provided by GPEC pursuant to the Agreement during the fiscal year ending on June 30, 2002, as set forth in this Agreement. This amount is based on \$.464 per capita, based upon the 1999 MAG population estimate, which listed the City as having a population of **161,975**. The payment by the City may, upon the mutual and discretionary approval of the board of directors of GPEC and the City Council, be increased or decreased from time to time during the term hereof in accordance with the increases or decreases of general application in the per capita payments to GPEC by other municipalities which support GPEC.
2. Funding of this Agreement shall be subject to the annual appropriations of funds for this activity by the City Council pursuant to the required budget process of the City;
3. Nothing herein shall preclude the City from contracting separately with GPEC for services to be provided in addition to those to be provided

hereunder, upon terms and conditions to be negotiated by the City and GPEC; and

4. GPEC shall submit invoices for payment on a semi-annual basis for services provided. The foregoing notwithstanding, if GPEC has not provided the City with the audit required pursuant to paragraph I.E above no later than with its December invoice, no payments shall be made hereunder until the City receives the audit report. Invoices and monthly activity reports, substantially in the form of **Exhibit D** attached hereto, are to be submitted to the Community and Economic Development Director.

C. COOPERATION:

1. The parties acknowledge that GPEC is a cooperative organization effort between GPEC and the City. Accordingly, the City and GPEC covenant and agree to work together in a productive and harmonious working relationship, to cooperate in furthering GPEC's goals for the 2002-2003 fiscal year.
2. The City agrees to work with GPEC, as necessary or appropriate, to revise the performance measures, and/or benchmarks, and/or goals for the FY 2003-2004 contract.
3. The City agrees to work with GPEC during the FY2002-2003 program year to develop a revised public sector funding plan, including a regional allocation formula for FY2003-2004, if determined to be necessary or appropriate.

IV. GENERAL PROVISIONS:

- A. **COVENANT AGAINST CONTINGENT FEES:** GPEC warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For a breach or violation of this warranty, the City shall have the right to terminate this Agreement without liability or, in its discretion, to deduct the commission, brokerage or contingent fee from its payment to GPEC.
- B. **PAYMENT DEDUCTION OFFSET PROVISION:** GPEC recognizes the provisions of the City Code of the City of Tempe which require and demand that no payment be made to any contractor as long as there is any outstanding obligation due to the City, and directs that any such obligation be offset against payment due to GPEC.

- C. **ASSIGNMENT PROHIBITED:** No party to this agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and no effect.
- D. **INDEPENDENT CONTRACTOR; NO AGENCY:** Nothing contained in this Agreement creates any partnership, joint venture or agency relationship between the City and GPEC. At all times during the term of this Agreement, GPEC shall be an independent contractor and shall not be an employee of City. City shall have the right to control GPEC only insofar as to the results of GPEC's services rendered pursuant to this Agreement. GPEC shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. GPEC shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.
- E. **INDEMNIFICATION AND HOLD HARMLESS:** During the term of this Contract, GPEC shall indemnify, defend, hold, protect and save harmless the City and any and all of its Councilmembers, officers and employees from and against any and all actions, suits, proceedings, claims and demands, loss, liens, costs, expense and liability of any kind and nature whatsoever, for injury to or death of persons, or damage to property, including property owned by City, brought, made, filed against, imposed upon or sustained by the City, its officers, or employees in and arising from or attributable to or caused directly or indirectly by the negligence, wrongful acts, omissions or from operations conducted by GPEC, its directors, officers, agents or employees acting on behalf of GPEC and with GPEC's knowledge and consent.

Any party entitled to indemnity shall notify GPEC in writing of the existence of any claim, demand or other matter to which GPEC's indemnification obligations would apply, and shall give to GPEC a reasonable opportunity to defend the same at its own expense and with counsel reasonably satisfactory to the indemnified party.

Nothing in this Subsection E shall be deemed to provide indemnification to any indemnified party with respect to any liabilities arising from the fraud, negligence, omissions or willful misconduct of such indemnified party.

- F. **INSURANCE:** GPEC shall procure and maintain for the duration of this Agreement, at GPEC's own cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with this Agreement by GPEC, its agents, representatives, employees or contractors, in accordance with the Insurance Requirements set forth in **Exhibit E**, attached hereto. The City acknowledges that it has

received and reviewed evidence of GPEC's insurance coverage in effect as of the execution of this Agreement.

- G. GRATUITIES.** The City may, by written notice to GPEC, terminate the right of GPEC to proceed under this Agreement upon one (1) calendar day notice, if it is found that gratuities in the form of entertainment, gifts, or otherwise were offered or given by GPEC, or any agent or representative of GPEC, to any officer or employee of the City with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performance of such contract; provided that the existence of the facts upon which the City makes such findings shall be an issue and may be reviewed in any competent court. In the event of such termination, the City shall be entitled to pursue all legal and equitable remedies against GPEC available to the City.
- H. EQUAL EMPLOYMENT OPPORTUNITY.** During the performance of this Agreement, GPEC agrees as follows:
- a. GPEC will not discriminate against any employee or applicant for employment because of race, color, religion, gender, sexual orientation, national origin, age or disability. GPEC shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, gender, sexual orientation, national origin, age or disability. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. GPEC agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. GPEC will, in all solicitations or advertisements for employees placed by or on behalf of GPEC, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, gender, sexual orientation, national origin, age or disability.
 - c. GPEC will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement, provided that the foregoing provisions shall not apply to Agreements or subcontracts for standard commercial supplies or new materials.
 - d. Upon request by the City, GPEC shall provide City with information and data concerning action taken and results obtained in regard to GPEC's Equal Employment Opportunity efforts performed during the term of this Agreement. Such reports shall be accomplished

upon forms furnished by the City or in such other format as the City shall prescribe.

- I. **COMPLIANCE WITH FEDERAL LAWS REQUIRED.** GPEC understands and acknowledges the applicability of the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989 and agrees to comply therewith in performing under any resultant agreement and to permit City inspection of its records to verify such compliance.
- J. **TERMINATION.** City shall have the right to terminate this Agreement if GPEC shall fail to duly perform, observe or comply with any covenant, condition or agreement on its part under this Agreement and such failure continues for a period of 30 days (or such shorter period as may be expressly provided herein) after the date on which written notice requiring the failure to be remedied shall have been given to GPEC by the City; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken or conditions to be remedied which, by their nature, cannot reasonably be accomplished within 30 days, no event of default shall be deemed to have occurred or to exist if, and so long as, GPEC shall commence such action within that period and diligently and continuously prosecute the same to completion within 90 days or such longer period as the City may approve in writing. The foregoing notwithstanding, in the event of circumstances which render GPEC incapable of providing the services required to be performed hereunder, including, but not limited to, insolvency or an award of monetary damages against GPEC in excess of its available insurance coverage and assets, the City may immediately and without further notice terminate this Agreement.
- K. **RESPONSIBILITY FOR COMPLIANCE WITH LEGAL REQUIREMENTS.** GPEC's performance hereunder shall be in material compliance with all applicable federal, state and local health, environmental, and safety laws, regulations, standards, and ordinances in effect during the performance of this Agreement.
- L. **INSTITUTION OF LEGAL ACTIONS.** Any legal actions instituted pursuant to this Agreement must be filed in the county of Maricopa, State of Arizona, or in the Federal District Court in the District of Arizona. In any legal action, the prevailing party in such action will be entitled to reimbursement by the other party for all costs and expenses of such action, including reasonable attorneys' fees as may be fixed by the Court.
- M. **APPLICABLE LAW.** Any and all disputes arising under any Agreement to be awarded hereunder or out of the proposals herein called for, which cannot be administratively resolved, shall be tried according to the laws of the State of Arizona, and GPEC shall agree that the venue for any such action shall be in the State of Arizona.

- N. CONTINUATION DURING DISPUTES.** GPEC agrees that, notwithstanding the existence of any dispute between the parties, each party shall continue to perform the obligations required of it during the continuation of any such dispute, unless enjoined or prohibited by an Arizona court of competent jurisdiction.
- O. CITY REVIEW OF GPEC RECORDS.** GPEC must keep all Agreement records separate and make them available for audit by City personnel upon request.
- P. NOTICES.** Any notice, consent or other communication required or permitted under this Agreement shall be in writing and shall be deemed received at the time it is personally delivered, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express service or, if mailed, three (3) days after the notice is deposited in the United States mail addressed as follows:

If to City: Ms. Janice Schaefer
Economic Development Director
City of Tempe
P.O. Box 5002
Tempe, Arizona 85281
(480) 350-8036
FAX: (480) 350-2951

If to GPEC: Rick L. Weddle
President and Chief Executive Officer
Greater Phoenix Economic Council
Two North Central Avenue, Suite 2500
Phoenix, Arizona 85004-4469
(602) 256-7700
FAX: (602) 256-7744

Any time period stated in a notice shall be computed from the time the notice is deemed received. Either party may change its mailing address or the person to receive notice by notifying the other party as provided in this paragraph.

- Q. TRANSACTIONAL CONFLICT OF INTEREST.** All parties hereto acknowledge that this Agreement is subject to cancellation by the City pursuant to the provisions of Section 38-511, Arizona Revised Statutes.
- R. NONLIABILITY OF OFFICIALS AND EMPLOYEES.** No member, official or employee of the City will be personally liable to GPEC, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to GPEC or successor, or on any obligation under the terms of this Agreement. No member, official or employee of GPEC

will be personally liable to the City, or any successor in interest, in the event of any default or breach by the GPEC or for any amount which may become due to the City or successor, or on any obligation under the terms of this Agreement.

- S. **NO WAIVER.** Except as otherwise expressly provided in this Agreement, any failure or delay by any party in asserting any of its rights or remedies as to any default, will not operate as a waiver of any default, or of any such rights or remedies, or deprive any such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.
- T. **SEVERABILITY.** If any provision of this Agreement shall be found invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law, provided that the fundamental purposes of this Agreement are not defeated by such severability.
- U. **CAPTIONS.** The captions contained in this Agreement are merely a reference and are not to be used to construe or limit the text.
- V. **NO THIRD PARTY BENEFICIARIES.** No creditor of either party or other individual or entity shall have any rights, whether as a third-party beneficiary or otherwise, by reason of any provision of this Agreement.
- W. **ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.** This Agreement may be executed in up to three (3) duplicate originals, each of which is deemed to be an original. This Agreement, including eleven (11) pages of text and the below-listed exhibits which are incorporated herein by this reference, constitutes the entire understanding and agreement of the parties.

Exhibit A - Action Plan

Exhibit B - GPEC Performance Measures

Exhibit C - Target Industry Clusters

Exhibit D - Reporting Mechanism for Contract Fulfillment

Exhibit E - Insurance Requirements

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the City or GPEC, and all amendments hereto must be in writing and signed by the appropriate authorities of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement this
_____ day of _____, 2002.

CITY OF TEMPE, a municipal corporation
Mr. Will Manley, City Manager

By: _____

Its: _____

ATTEST:

By: _____

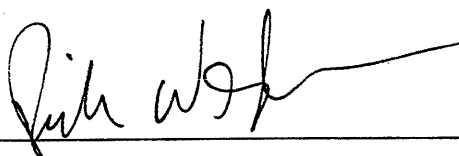
Its: City Clerk

APPROVED AS TO FORM:

By: _____

Its: City Attorney

GREATER PHOENIX ECONOMIC COUNCIL,
an Arizona nonprofit corporation

By:  _____

Rick L. Weddle, President &
Chief Executive Officer

**Fiscal Year 2002-03
Action Plan**

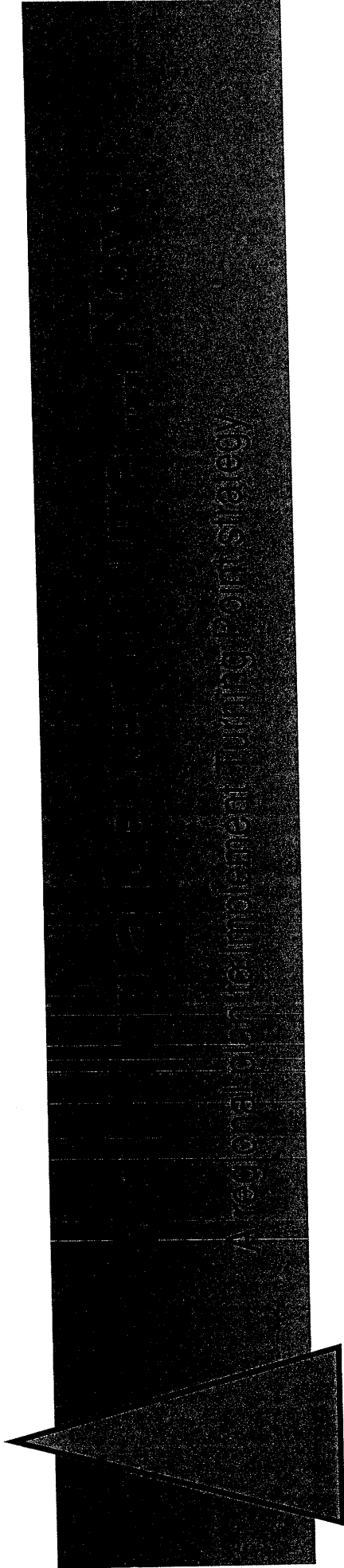


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be focused
for maximum
impact**

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Focus of new 10-year Regional Economic Development Strategy:

High-wage, high-value
economic opportunities
in initial priority areas:
*Advanced Business &
Financial Services
Aerospace and Aviation
BioIndustry
High Technology
Software*

Capturing Current Economic Opportunities

- ✓ GPEC's primary effort to market the region and service the needs of site selection clients will continue, with continued emphasis on quality and effectiveness.

Executing Programs that Deliver a Quality Product

- ✓ GPEC will continue its focus on bringing high-value, high-wage economic opportunities to Greater Phoenix.

Continuing Collaborative Efforts

- ✓ GPEC will continue to bring public and private stakeholders together toward shared goals. Key collaboration groups include:
 - ◆ Economic Development Directors Team (EDDT)
 - ◆ Policy Development Team (PDT)
 - ◆ Strategic Policy Committees
 - Economic Development Strategy
 - Identity and Image
 - Competitiveness
 - Resource Development

Capitalizing on Strategies Developed by Leadership

- ✓ Strategic Policy Committees are developing strategies/tactics to make the region more competitive for high-value economic development projects.
- ✓ GPEC will remain flexible in order to execute any new high-impact projects that support our primary mission of business attraction and marketing.

**Quality:
It's about better,
not bigger**

Greater Phoenix is at a turning point

- ✓ Continue on the current path ... or
- ✓ Commit to needed change and move to the next level

Agreement reached to date:

- ✓ Build a sustainable, high-performance, high-quality economy that produces better opportunities, broader job choices, and increased wages and family incomes across the region

The new regional economy will:

- ✓ Be more balanced and recession resistant
- ✓ Create a more reliable, sufficient, and growing tax base
- ✓ Support a vibrant business climate that enables companies to be more efficient and increase their shareholder value

This affects our ability to compete:

- ✓ If Greater Phoenix wants to attract high-quality jobs in priority clusters, we need to focus on competitiveness issues and long-term strategy

**Success will
require
everyone's help**

As the region's designated economic development organization, made up of members from both the public and private sector, GPEC:

- ✓ Must continue to plan and execute successful programs
- ✓ Can appropriately advance discussions on elevating the region

To assist in this, four Strategic Policy Committees provide input on:

- ✓ Economic Development Strategy
- ✓ Competitiveness
- ✓ Regional Image & Identity
- ✓ Resource Development

GPEC's committed Executive Committee and Board of Directors:

- ✓ Provide policy oversight and direction
- ✓ Approve Action Plan and associated budget
- ✓ Set operating policies and procedures

President Advisory Teams provide technical and operating input:

- ✓ Economic Development Directors Team (EDDT)
- ✓ Policy Development Team (PDT)
- ✓ President-level Investors

Mission, Goals, Operating Approach

A value proposition enhanced by the effective leveraging of resources

Mission: Leverage region-wide public-private resources to:

- ✓ Attract and grow globally competitive high value-added firms
- ✓ Generate high-quality investments and jobs
- ✓ Build support for a sustainable high-performance economy

Goals: Engage public and private leaders to:

- ✓ Define a regional vision and its corresponding metrics
- ✓ Clarify the collaborative roles and relationships to ensure success
- ✓ Market the region to generate targeted opportunities
- ✓ Leverage public and private resources to capture opportunities
- ✓ Benchmark the region's competitive position and monitor progress

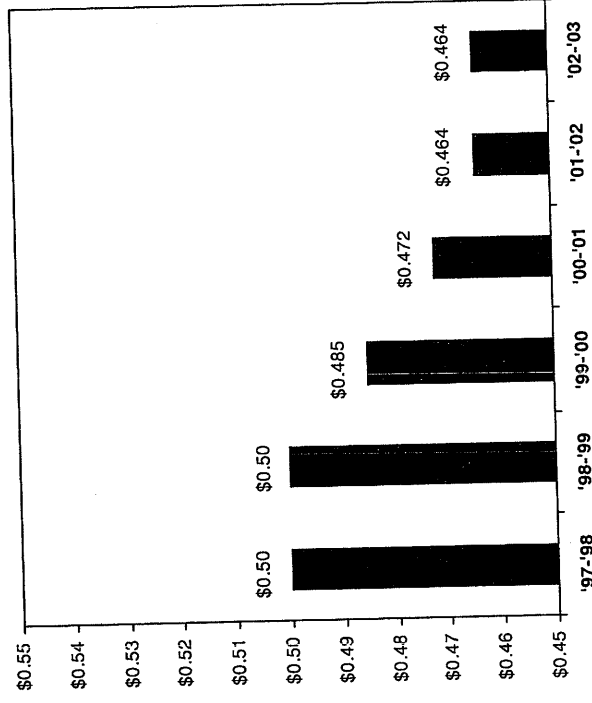
Operating Approach: Use proven strategies and innovative processes to:

- ✓ Inform stakeholders on key economic issues
- ✓ Engage stakeholders in valuable dialogue and action
- ✓ Focus on mission critical issues and key projects
- ✓ Integrate a global approach into strategies
- ✓ Concentrate on high-impact, cost-effective tactics
- ✓ Target resources toward quality opportunities
- ✓ Collaborate and strengthen regional relationships
- ✓ Utilize productivity enhancing technologies
- ✓ Effectively measure and evaluate performance

Budget Summary

Funding Plan

- ◆ Year four of the "Four-year Funding Plan" approved by the Executive Committee, Board of Directors, and Finance Committee in FY 2000 provides for a 4% increase in base program expenditures.
- ◆ In light of economic conditions and the budgetary and fiscal challenges facing many of our communities and the county, GPEC is foregoing the 4% increase and maintaining the FY 01-02 funding levels for FY 02-03.
- ◆ GPEC will continue to target a 50:50 public/private balance in sources of revenue for FY 02-03 to support ongoing operations and maintain adequate cash reserves.



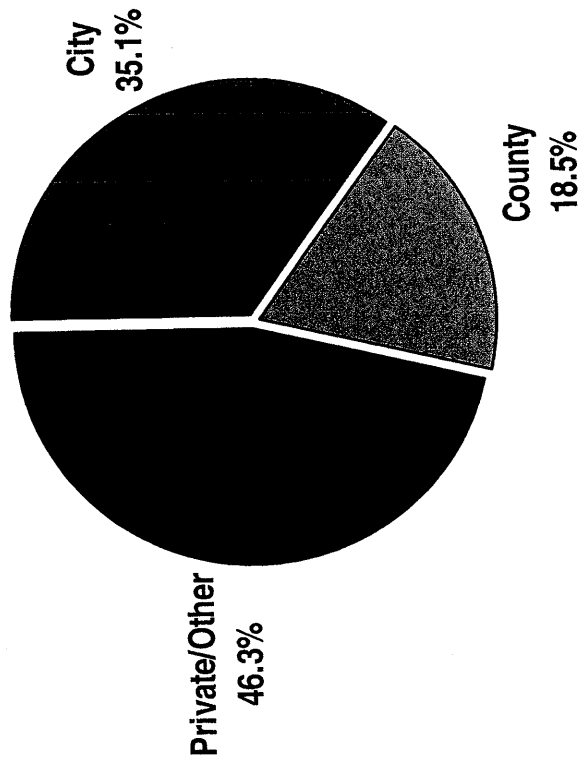
Effective management over the past four years has enabled GPEC to build cash reserves, while still meeting program goals. This fiscal responsibility has ensured financial stability in current challenging economic times.

- ◆ Expense budget: 2.8% growth in base program
- ◆ Revenue budget: 1.5% decline in revenue, targeting a 50:50 public/private balance
- ◆ City funding allocation continues to be based on 1999 population estimates (MAG) at 46.4 cents per capita
- ◆ County funding remains a proportionate share of overall public revenue
- ◆ Private sector fundraising targets a 50:50 public/private match, supports ongoing operations, and maintains adequate reserves.

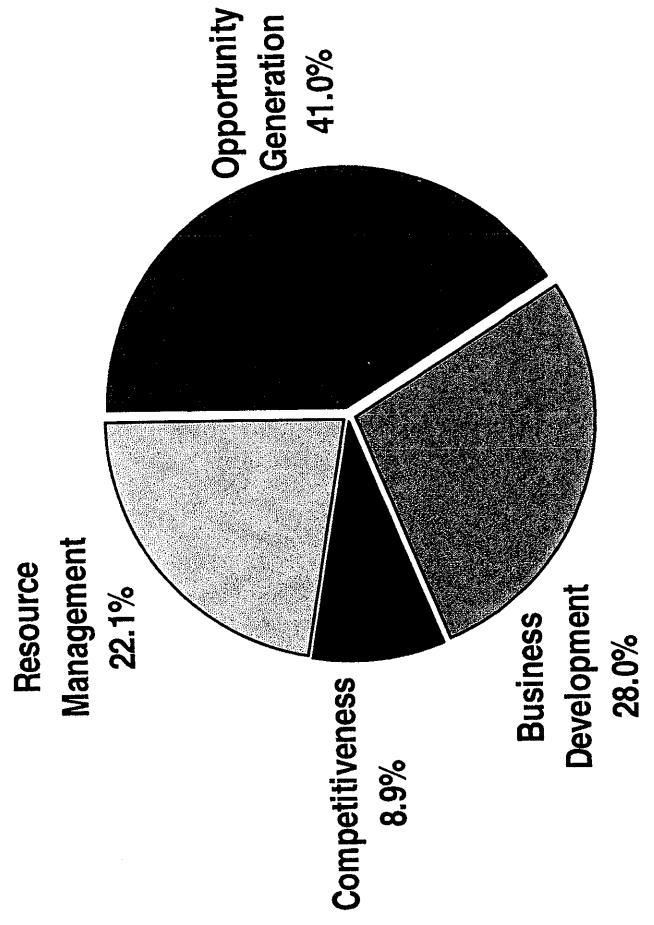
Budget Summary (continued)

	FY2002	FY2003	Variance	% Variance
Revenues				
City/County	\$1,882,802	\$1,867,802	(\$15,000)	(0.8%)
Private Sector	\$1,611,337	\$1,600,387	(\$10,950)	(0.7%)
Other	\$40,000	\$12,000	(\$28,000)	(70%)
Drawn from Cash Reserves	\$125,000	\$225,000	\$100,000	80%
Total Revenues & Funding	\$3,659,139	\$3,705,189	\$46,050	1.3%
Expenditures				
Opportunity Generation	\$1,472,651	\$1,558,014	\$85,363	5.8%
Business Development	\$1,277,715	\$1,064,415	(\$213,300)	(16.7%)
Competitiveness	\$193,060	\$338,635	\$145,575	75.4%
Resource Management	\$748,944	\$839,959	\$91,015	12.2%
Total Expenditures	\$3,692,370	\$3,801,023	\$108,653	2.9%
Less Fixed Assets	\$76,200	\$27,000	(\$49,200)	(64.6%)
Add Depreciation	\$110,000	\$123,000	\$13,000	11.8%
Net Cash Movement	\$569	\$166	(\$403)	(70.8%)

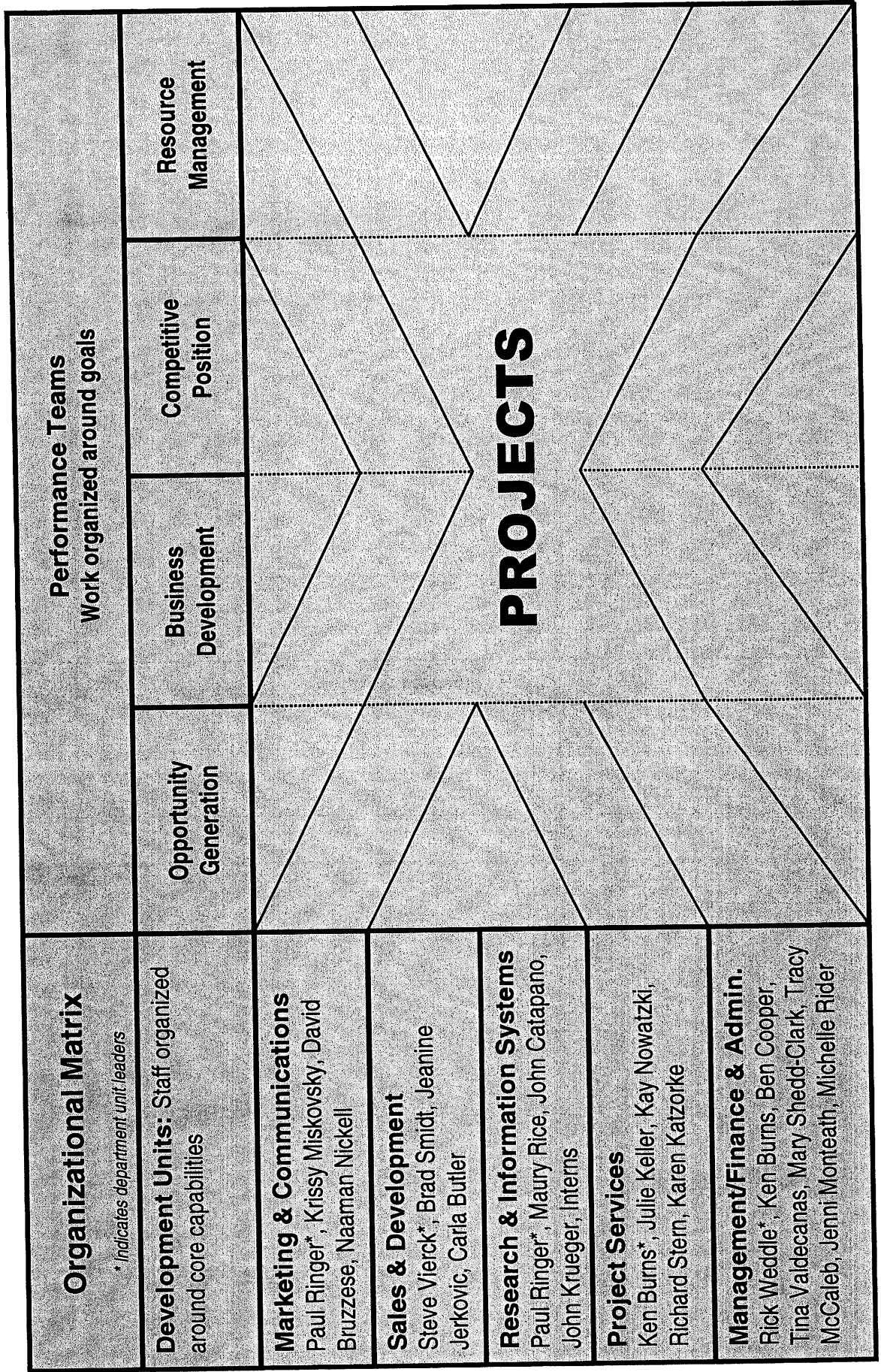
FY 2003 Projected Revenue

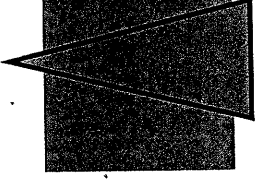


FY 2003 Program Expenditures

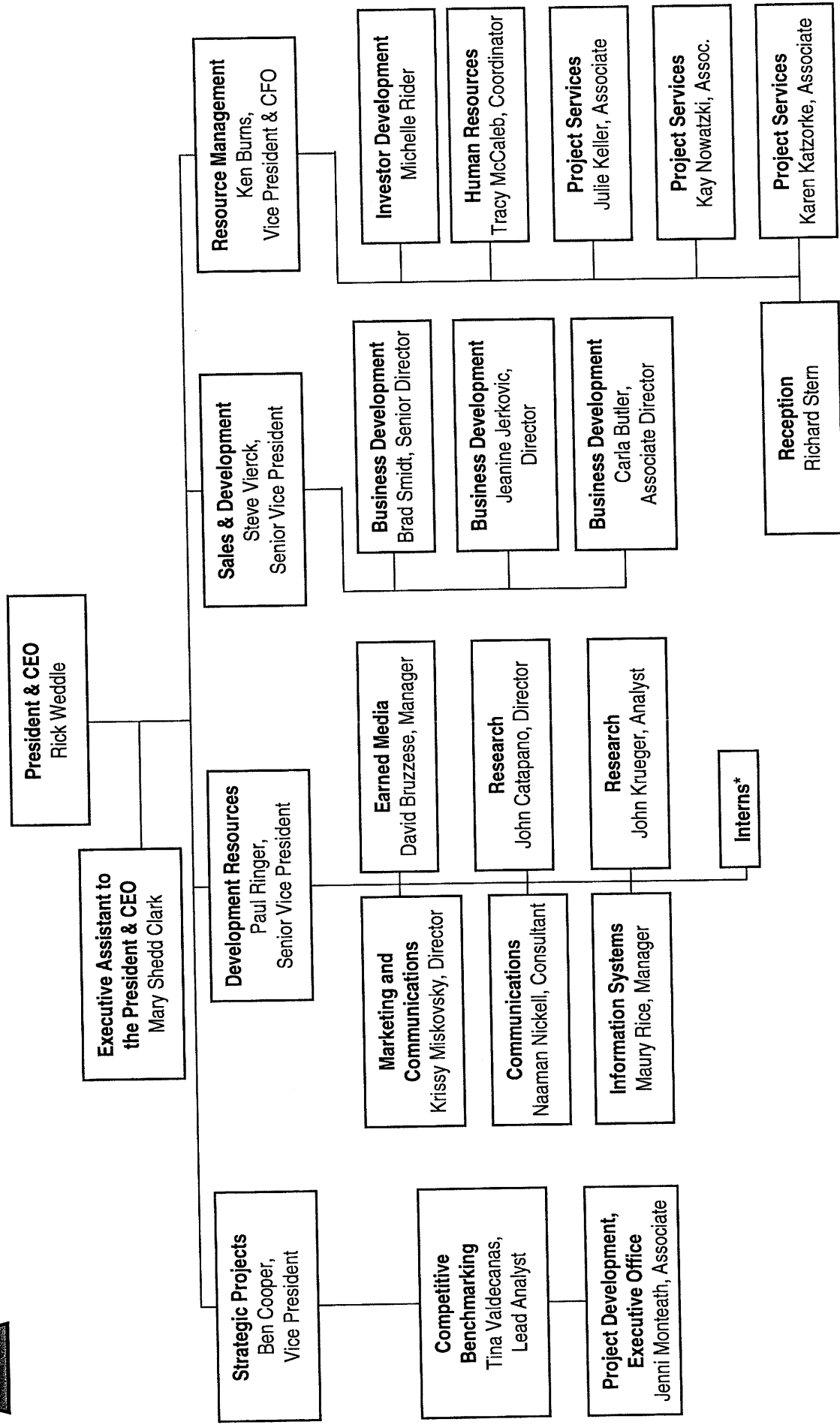


Structural Overview





Staff Operating Structure



* FY03 budget includes 22 FTE positions. Naaman Nickell is a consultant to GPEC. Student interns are part-time employees and are not included in the FTE headcount.

Opportunity Generation

Key Projects

Identity/Image Committee

Earned Media/Local Media

GPEC 100

*Cluster Relationship
Marketing*

Regional Communications

*Local and National Industry
Research*

GPEC.org

GreaterPhoenix.net

*Coordinated Advertising
and Marketing*

Purpose

- ✓ Generate new opportunities through the development and execution of targeted marketing, communications, research, and technology activities
- ✓ Enhance the quality and speed of responses to the inquiries and needs of GPEC's stakeholders, prospects, media, and locates

Goals

- ✓ Generate new prospects and new economic opportunities for the region
- ✓ Brand Greater Phoenix and the Greater Phoenix Economic Council
- ✓ Provide timely decision-level information, strategies, and solutions to prospects, locates, stakeholders, and media

Strategy

- ✓ Work with GPEC Identity & Image Committee to establish current perceptions, identify future position, and revise marketing plan elements to achieve
- ✓ Research and identify stakeholder needs including recruitment opportunities, key industry cluster targets and potential headquarters operations
- ✓ Integrate message delivery to key international, national, and local audiences
- ✓ Integrate cohesive relationship marketing into internal/external branding strategies
- ✓ Engage public and private stakeholders and other partners in key projects

Key Projects

*Economic Development
Strategy Committee*

*Economic Development
Directors Team*

ExecuTours

Int'l Consultant Network

Prospect Hosting

Industry Conferences

*Industry Update
Sessions*

*Effective transition of
locates into GPEC
Investor Network*

Purpose

- ✓ Fully utilize the GPEC public/private sector network to capture quality economic opportunities

Goals

- ✓ Build target clusters and foundations by capturing quality global economic opportunities
- ✓ Strengthen the relationship network of public and private sector resources and provide equal access to opportunities to member communities and investors

Strategy

- ✓ Deliver high value and excellent service in a timely manner
- ✓ Identify/deliver the information that clients need, using the latest technologies
- ✓ Convert high-quality prospects
- ✓ Effectively engage public sector stakeholders, private sector investors, and other partners in key projects

Competitive Position

Key Projects

*Competitiveness
Committee*

*Annual Benchmarking
and Reporting*

Policy Development Team

Regional Federal Agenda

Purpose

- ✓ Benchmark the region's competitive position and establish the framework and action steps needed for improvement
- ✓ Monitor key issues and policies that impact the region's position as a competitive business location

Goals

- ✓ Work collaboratively with partners to map and track progress, focused on improving the region's competitive position for priority clusters and other key driver industries
- ✓ Develop a regional consensus around priority issues for action
- ✓ Engage key partners to improve regional competitiveness in support of priority clusters

Strategy

- ✓ Implement annual benchmarking assessment tool and updating approach
- ✓ Utilize the new tool to report on the region's competitive position
- ✓ Identify current regional competitive position initiatives & encourage coordination
- ✓ Effectively engage public sector stakeholders, private sector investors, and other partners (EDDT, ASU, MAG, Business Coalition members, etc.) in key projects

Resource Management

Key Projects	Purpose
Resource Development Committee	✓ Maximize the value (ROI) added/delivered to the stakeholder network
Annual Dinner and Economic Summit	✓ Develop and maintain an ongoing Resource Development program to ensure adequate funding for future years
Board of Directors, Executive Committee, Strategic Policy Committee Support	✓ Develop a new multi-year funding plan for public sector financial support
	✓ Effectively manage and enhance human, fiscal, organizational, and leadership resource
	✓ Strengthen network of public and private sector stakeholders and leadership
	✓ Improve the quality of stakeholder engagement in the GPEC program
Strategy	
Contact and Relationship Management	✓ Maintain fiscal integrity of organization
Impact Model Enhancements	✓ Continue to develop an effective human resources and compensation system to match the organization's project-based orientation
Leadership Retreat	✓ Effectively engage stakeholders and leadership in key projects
Performance Survey	✓ Work with leadership to implement strategies needed to fund the key programs developed by stakeholders

Existing Member Retention/
New Member Development

What gets measured, gets done

Business Development

- ✓ Capital investment, number of jobs, payroll, and average salary
- ✓ Prospect visits to communities
- ✓ Prospect-to-Locate conversion rate
- ✓ Locate and non-locate satisfaction surveys
- ✓ Investor utilization

Opportunity Generation

- ✓ Quality prospects generated in targeted clusters
- ✓ Total reach of editorial placements: 1) Balanced within targeted clusters
2) Satisfactory "return on investment"
- ✓ Cluster Relationship Marketing capture rate
- ✓ GPEC 100 (site selection consultants/real estate executives) satisfaction

Competitiveness

- ✓ Successful implementation of annual benchmarking assessment tool
- ✓ Success in achieving consensus around regional competitiveness priorities

Resource Management

- ✓ Cash Reserve/Cash Revenue Target
- ✓ Audit Report/Executive Committee satisfaction with budget management
- ✓ Stakeholder network satisfaction measure
- ✓ Employee satisfaction

Performance Measures

Goals—Fiscal Year 2002-03

Business Development

Capital Investment	\$153M	\$191M	\$217M
Payroll Generated	\$99M	\$129M	\$156M
New Job Creation	3,000	3,500	4,000
Average Salary	\$33,000	\$37,000	\$39,000
Conversion Rate	14%	15%	16%

Opportunity Generation

Earned Media – Total Reach	7.0M	8.5M	12.0M
Balanced Reach in Clusters (75%)*	5.2M	6.4M	9.0M
Return on Investment (ROI)	7.5:1	9:1	12:1

Integrated Relationship Marketing

GPEC 100 Consultants – Satisfaction	70%	80%	90%
Cluster Marketing – Capture Rate**	10%	15%	20%
Prospects	135	150	170
Prospects within Clusters	100	113	128

Resource Management

Private Sector Financial Support			
Collection of Existing Pledges	92.4%	93.3%	94.3%
New Pledges	\$300,000	\$325,000	\$350,000
Cash Reserve/Cash Revenue	8%	9%	10%

* Goal: 75% of Total Reach within targeted clusters, 25% within general publications.

**Percentage of overall contacts who join our Gold List Network.

Key Project Calendar – Opportunities & Challenges

April-June '03

Jan-March '03

Oct-Dec '02

July-Sept '02

Identity/Image Committee	Execute Action Items	Execute Action Items	Execute Action Items	Execute Action Items
Earned Media	Inbound Writers Tour	Media Mission	Inbound Writers Tour	
Local Media Relations	On-Going	On-Going	On-Going	On-Going
Media Story Research	As Needed	As Needed	As Needed	As Needed
GPEC 100 Relationship Mailings	Quarterly	Quarterly	Quarterly	Quarterly
Cluster Relationship Marketing	Monthly	Monthly	Monthly	Monthly
GreaterPhoenix.net	On-Going	On-Going	On-Going	On-Going
GPEC.org Website	As needed	As needed	As needed	As needed
Stakeholder Survey				Begin/Complete
Annual Report	Begin/Complete			
Coordinated Targeted Advertising	TBD	TBD	TBD	TBD
Info Center Website	On-Going	On-Going	On-Going	On-Going
Info Materials Development/Updates	On-Going	On-Going	On-Going	On-Going
Blue Chip Report	Begin/Complete			
Other Special Research Projects	As Needed	As Needed	As Needed	As Needed
Information Systems Development	On-Going	Complete		

Key Project Calendar - 2003

April-June '03

Jan-March '03

Oct-Dec '02

July-Sept '02

	Monthly	Monthly	Monthly	Monthly	Monthly
Economic Strategy Council	Monthly	Monthly	Monthly	Monthly	Monthly
EDDT	Monthly	Monthly	Monthly	Monthly	Monthly
Prospect Hosting	As Needed	As Needed	As Needed	As Needed	As Needed
Prospect Sales Trips	Los Angeles, New Jersey, Boston, Denver, Chicago, Washington, D.C.	San Francisco, Dallas, Atlanta, Seattle, New York	Dallas, Atlanta, San Jose/San Francisco	Washington, D.C., Los Angeles, Chicago	
Trade Shows/Conferences	SEMICON West, Farnborough Aerospace	CORENET, COMDEX, Semicon Southwest, SAE Aerospace World Congress	International Consumer Electronics, Medical Design & Manufacturing	CORENET	
GPEC 100 - Executours			Fiesta Bowl, Phoenix Open, Cactus League	Scottsdale Culinary Festival	
International-Related Sales Trips	U.S./Mexico Commission, Southern California trip			European and International Site Selection Consultants,	
Client Handling	Monthly	Monthly	Monthly	Monthly	Monthly
Regional Project Generation	Monthly	Monthly	Monthly	Monthly	Monthly
Industry Update Sessions	Monthly	Monthly	Monthly	Monthly	Monthly
Power Breakfasts		Power Breakfast		Power Breakfast	
Community Market Updates	Monthly	Monthly	Monthly	Monthly	Monthly
Site Selection/Client Research	As Needed	As Needed	As Needed	As Needed	As Needed
Metro Comparison Update			Start/Complete		
Locate/Non-Locate Survey	Monthly	Monthly	Monthly	Monthly	Monthly
					18

Key Project Calendar - Competitiveness

	July-Sept '02		Oct-Dec '02		Jan-March '03		April-June '03	
Competitiveness Committee	Meet Quarterly		Meet Quarterly		Meet Quarterly		Meet Quarterly	
Annual Benchmarking/Reporting	Begin Research		Research		Present (Econ. Summit)		On-Going Research	
Economic Summit			Begin Planning		Hold Summit			
MAG-GPEC-EDDT Growing Smarter Team	On-Going		Complete					
Policy Development Team	Bi-Monthly		Bi-Monthly		Bi-Monthly		Bi-Monthly	
Regional Federal Agenda Update (TBD)	Begin Research		Draft Agenda		Issue Agenda			

Key Project Calendar - Resource Management

	July-Sept '02	Oct-Dec '02	Jan-March '03	April-June '03
Resource Development Committee	On-Going	On-Going	On-Going	On-Going
SPC Coordination and Support	On-Going	On-Going	On-Going	On-Going
Annual Dinner		Annual Dinner		Begin Planning
Leadership Retreat		Begin Planning	Leadership Retreat	
Action Plan Development			Begin Drafting Plan	Complete/Present Plan
Board & Executive Committee	Monthly/Bi-Monthly	Monthly/Bi-Monthly	Monthly/Bi-Monthly	Monthly/Bi-Monthly
Performance Scorecard Survey			Begin	Complete
Contact & Relationship Management	On-Going	On-Going	On-Going	On-Going
Impact Model Enhancements	Begin/Complete			Plan
Accounting/Controlling	On-Going	On-Going	On-Going/Draft Budget	On-Going/Final Budget
Annual Audit	Begin/Complete			Plan
Internal HR Process Management	On-Going	On-Going	On-Going	On-Going
Staff Training & Development	On-Going	On-Going	On-Going	On-Going
Existing Member Retention	On-Going	On-Going	On-Going	On-Going
New member Development	On-Going	On-Going	On-Going	On-Going

Program goals drive marketing decisions

Identity & Image Committee

- ✓ Unite regional leaders to assess and improve the region's identity and image

Earned Media

- ✓ Generate favorable print and electronic media coverage on Greater Phoenix

Annual Report

- ✓ Detail GPEC's progress and accomplishments and meet fiscal requirements

Blue Chip Report – Local Industry Research

- ✓ Partner with ASU to develop a research report on key industries

Cluster Relationship Marketing

- ✓ Build relationships with decision-makers at select companies in target clusters

Coordinated Advertising and Marketing

- ✓ Use select opportunities and proven strategies to raise awareness of Greater Phoenix as a business location

GPEC 100 Mailings

- ✓ Maintain relationships with national site consultants and real estate executives

GPEC.org

- ✓ Provide information on GPEC programs, events, and results; includes a prospect database for EDDTs, and the Information Center

GreaterPhoenix.net

- ✓ Increase awareness of economic development issues among local leadership

Economic Development is a team sport

Economic Development Strategy Committee

- ✓ Unite leadership to ensure the right mix of economic development strategies

ExecuTours and Consultant Hosting

- ✓ Showcase the region by bringing top consultants and real estate executives for events

Trade Shows and Industry Conferences

- ✓ Select opportunities to generate prospects, build relationships, and raise awareness

Prospect Hosting and Sales Trips

- ✓ Work with economic development partners to bring existing prospects into the region and travel to other markets to generate new leads and prospects

Member Community Visits and Market Updates

- ✓ Increase understanding of community targets, attributes, and investment opportunities

Industry Update Sessions

- ✓ Educate partners on current trends and activity levels in key industries

Economic Development Directors Team (EDDT)

- ✓ Provide comprehensive staff support to the Economic Development Directors Team

Effective transition of locates into GPEC Investor Network

- ✓ Integrate new corporate citizens into the community and into the GPEC network

International Consultant Network

- ✓ Build relationships with consultants and raise awareness of Greater Phoenix

**When it comes
to the future,
progress is not
optional.**

Competitiveness Committee

- ✓ Unite regional leaders to coordinate efforts to improve regional competitiveness

Annual Benchmarking and Reporting

- ✓ Track efforts to improve the region's competitive position

Smart Growth Strategy Development

- ✓ Engage leadership in discussions on implementing sustainable growth management policies

Policy Development Team and Regional Federal Agenda Update

- ✓ Examine economic development policy issues and coordinate activities to update and implement the Regional Federal Agenda

MAG-GPEC-EDDT Growing Smarter Team

- ✓ Partner with MAG to provide a forum for local economic development representatives to coordinate the implementation of Growing Smarter initiatives

Washington DC Mission – Tentative

- ✓ Plan the next Executive Mission, which may include policy, media and business development tracks

Business Leadership Coalition

- ✓ Interface with Coalition members to ensure implementation of action plans that improve the overall competitiveness of the region



Program effectiveness is supported by resource efficiency

Key Project Descriptions – Resource Efficiency

Resource Development Committee

- ✓ Identify/secure funds to implement strategic 10-year economic development plan

Accounting/Controlling, Human Resources Management and Staff Development

- ✓ Manage finances including processes and procedures, preparation of financial statements, budget development and monitoring, cash flow, audit, tax returns. Also, administer benefits and oversee staff hiring, training, retreats, etc.

Annual Dinner and Economic Summit

- ✓ Educate/broaden our resource network and provide high-quality networking opportunity

Impact Model Enhancements

- ✓ Enhance regional consensus impact model to accurately estimate the economic and revenue impacts of GPEC's program. Expand the model to better estimate private sector impacts

Leadership Retreat

- ✓ Engage stakeholders and other partners in planning process

Performance Scorecard Survey

- ✓ Assess stakeholder satisfaction with GPEC results

Existing Member Retention and New Member Development

- ✓ Enhance satisfaction of existing members while identifying potential stakeholders

Regional Vision

Become a high-quality
1st tier global marketplace
in priority clusters.

Four Strategic Policy

Committees comprised of
private and public leaders
will drive action to achieve
the regional vision

Economic Strategy

Competitiveness

Regional Identity & Image

Resource Development

President's Advisory
Teams

EDDT Team

Policy Development Team

Platinum and Gold
Level Members

Exhibit A

Framework & Operating Structure

Illustrating Regional Leadership Engagement Linkages

Greater Phoenix Economic Council

Board of Directors
Executive Committee

President & CEO
and Professional Staff

Business Development

Opportunity Generation

Competitive Position

Resource Management

Board Governance
Committees

Economic

Competitiveness

Regional Identity & Image

Operating Approach

- ✓ Continually educate stakeholders on key issues
- ✓ Engage stakeholders to set agenda
- ✓ Focus on mission critical issues and key projects
- ✓ Integrate a global approach into strategies
- ✓ Concentrate on high-impact, cost-effective tactics
- ✓ Target resources toward quality opportunities
- ✓ Utilize productivity enhancing technologies
- ✓ Collaborate and strengthen regional relationships
- ✓ Effectively measure and evaluate performance

EXHIBIT B

Specific performance targets as established by the GPEC Executive Committee and Board of Directors:

1. Number of qualified prospects	135
2. Qualified prospects in target clusters	100
3. Editorial exposure return on investment	7.5:1
4. Total reach of editorial placements/exposures	7.0M
5. Reach of editorial placements/exposures in target clusters	5.2M
6. GPEC conversion rate	14%
7. Income generated	\$99M
8. Total number of jobs created	3,000
9. Average annualized salary	\$33,000
10. Capital investment	\$153M

EXHIBIT C

TARGET INDUSTRY CLUSTERS. GPEC follows the Arizona Strategic Plan for Economic Development Economic Clusters. This plan has now been fully incorporated into the Governor's Strategic Partnership for Economic Development (GSPED). GPEC has worked with member communities to identify targeted economic clusters on a community and regional level and has incorporated these target clusters into its overall economic development plan. The following table illustrated the targeted economic clusters that member communities have suggested GPEC marketing and business development efforts should target on their behalf. GPEC is currently developing an economic development strategy for the region which includes increase emphasis on the following five (5) priority clusters: Advanced Business Services, High Technology, Bio Industry, Software and Aerospace.

Business Services & Software	High Technology Electronics	High Technology Aerospace & Advanced Materials	Bio Industry & Senior Industries	Food, Fiber & Natural Products	Transportation/ Distribution Standard Manufacturing Environmental Technology
Avondale	Avondale	Avondale	Avondale	Avondale	Avondale
Chandler	Chandler	Chandler	Buckeye	Buckeye	Buckeye
Fountain Hills	Gilbert	Gilbert	Chandler	Maricopa County	El Mirage
Gilbert	Glendale	Goodyear	Glendale	Tolleson	Gilbert
Glendale	Goodyear	Mesa	Maricopa County		Glendale
Goodyear	Mesa	Phoenix	Mesa		Maricopa County
Mesa	Peoria	Tempe	Peoria		Mesa
Peoria	Phoenix	Tolleson	Phoenix		Peoria
Phoenix	Scottsdale		Scottsdale		Surprise
Scottsdale	Surprise		Surprise		Tolleson
Surprise	Tempe		Tempe		
Tempe					

Within these economic clusters GPEC targets specific operations (manufacturing, research & development, headquarters and regional office operations, and distribution/assembly) in geographic areas that have proven to be historically significant target areas (California, the upper Midwest, New York/New Jersey, the Mid-Atlantic, Canada, Mexico, Japan, and Germany). The emphasis is on high value-added operations.

EXHIBIT D

Reporting mechanism for Contract Fulfillment

Monthly Activity Report - Month, Year

OPPORTUNITY GENERATION GOAL AREA:

Prospect Generation

of inquiries:

of leads:

of prospects:

Potential for capital investment, # of jobs, payroll, average salary, square footage, region of origin

of prospects in target clusters:

% of fiscal year goal =

FYTD prospect numbers:

Earned Media

Stories/Publications:

of placements YTD (local v. national):

ROI: Advertising equivalency rate (formula used):

Total reach of editorial placements/exposures:

% reach of editorial placements/exposures in target clusters:

% of fiscal year goal =

Media Tours

Number of media outlets/representatives

% of fiscal year goal

Advertising

Ads Placed (ran)

Direct-mail Campaigns

Trade shows

Title:

Location:

Accompanying GPEC:

% of fiscal year goal:

Sales Missions

Location:

Accompanying GPEC:

of sales meetings:

% of fiscal year goal:

High-profile Events

Collateral Materials

BUSINESS DEVELOPMENT GOAL AREA:

Assisted Projects

Capital investment generated:.....
Payroll/income generated:.....
Average Salary:.....
of
 jobs:.....
% of fiscal year goal:.....
of assisted projects:.....
Prospect conversion rate:.....
Square footage:.....
Region of
 origin:.....
of Prospect Visitations to region.....
of Prospect Visitations to each City.....
FYTD assisted project numbers:.....

Industry Update (training) Sessions

COMPETITIVENESS GOAL AREA:

Regional Competitiveness

RESOURCE MANAGEMENT GOAL AREA:

Resource Acquisition

Investor Relations

Special Events

Board and Committees

EXHIBIT E

Insurance Requirements

The City's insurance requirements are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The City in no way warrants that the minimum limits required of GPEC are sufficient to protect GPEC from liabilities that might arise out of this Agreement for GPEC, its agents, representatives, employees or Contractors and GPEC is free to purchase such additional insurance as may be determined necessary.

A. Minimum Scope and Limits of Insurance. GPEC shall provide coverage at least as broad as the categories set forth below with limits of liability in amounts acceptable to the City.

1. **Commercial General Liability - Occurrence Form**
 (Form CG 0001, ed. 10/93 or any replacements thereof)

 General Aggregate/ per Project
 Products-Completed Operations Aggregate
 Personal & Advertising Injury
 Each Occurrence
 Fire Damage (Any one fire)
 Directors and Officers
 Medical Expense (Any one person) Optional

2. **Automobile Liability** B Any Auto or Owned, Hired and Non-Owned Vehicles
 (Form CA 0001, ed. 12/93 or any replacement thereof)
 Combined Single Limit Per Accident for Bodily Injury and Property Damage

3. **Workers' Compensation and Employers' Liability**
 Workers' Compensation Statutory
 Employers' Liability

B. Self-insured Retentions. Any self-insured retentions must be declared to and approved by the City. If not approved, the City may request that the insurer reduce or eliminate such self-insured retentions with respect to City, its officers, officials, agents, employees and volunteers.

C. Other Insurance Requirements. The policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial General Liability

- a. The City, its officers, officials, agents, employees and volunteers are to be named as additional insureds with respect to liability arising out of: activities performed by or on behalf of GPEC, including the City's general supervision of GPEC; products and completed operations of GPEC; and automobiles owned, leased, hired or borrowed by GPEC.
- b. GPEC's insurance shall include broad form contractual liability coverage.
- c. The City, its officers, officials, agents, employees and volunteers shall be additional insureds to the full limits of liability purchased by GPEC, even if those limits of liability are in excess of those required by this Agreement.
- d. GPEC's insurance coverage shall be primary insurance with respect to City, its officers, officials, agents, employees and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees or volunteers shall be in excess of GPEC's insurance and shall not contribute to it.
- e. GPEC's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- f. Coverage provided by GPEC shall not be limited to the liability assumed under the indemnification provisions of this Agreement.
- g. The policies shall contain a waiver of subrogation against City, its officers, officials, agents, employees and volunteers for losses arising from work performed by GPEC for the City.

2. Workers' Compensation and Employers' Liability Coverage. The insurer shall agree to waive all rights of subrogation against City, its officers, officials, agents, employees and volunteers for any and all losses arising from work performed by the Contractor for the City.

- D. Notice of Cancellation.** Each insurance policy required by the insurance provisions of this Agreement shall provide the required coverage and shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice has been sent to City at the address provided herein for the giving of notice. Such notice shall be by certified mail, return receipt requested.
- E. Acceptability of Insurers.** Insurance is to be placed with insurers duly licensed or approved unlicensed companies in the State of Arizona and with a "Best's" rating of not less than A-:VII. City in no way warrants that the above required minimum insurer rating is sufficient to protect GPEC from potential insurer insolvency.
- F. Verification of Coverage.** GPEC shall furnish City with Certificates of Insurance (ACORD form or equivalent approved by City) and with original endorsements effecting coverage as required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the Certificate of Insurance.
- All certificates and endorsements are to be received and approved by City before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the project.
- All certificates of insurance required by this Agreement shall be sent directly to City at the address and in the manner provided in this Agreement for the giving of notice. City's Agreement/Agreement number, GPEC's name and description of the Agreement shall be provided on the Certificates of Insurance. City reserves the right to require complete certified copies of all insurance policies required by this Agreement, at any time.
- G. Approval.** During the term of this Agreement, no modification may be made to any of GPEC's insurance policies which will reduce the nature, scope or limits of coverage which were in effect and approved by the City prior to execution of this Agreement.